GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4610
ANSWERED ON:25.04.2008
CREDIT FACILITIES TO FARMERS
Subbarayan Shri K.

Will the Minister of FINANCE be pleased to state:

(a) whether any special policies have been formulated to provide credit facilities to fanners owning less than two hectares of land through commercial banks;

(b) if so, the details thereof; and

(c) if not, whether the Government proposes to provide credit to them with concessional rate of interest?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : The Government of India has taken the following steps to ensure availability of timely and affordable credit for farmers, including those who have less than 2 hectares of land :-

The Government of India (GoIJ is providing interest subvention @ 2% per annum to Public Sector Banks, Regional Rural Banks (RRBs) and Cooperative Banks on their own funds and concessional refinance to Cooperative Banks and RRBs since Kharif 2006-07 to ensure Short Term crop loans upto Rs.3 lakh to farmers at interest rate of 7% per annum at the ground level. This scheme continues for the years 2007-08 and 2008-09.

The GoI has stipulated a target of Rs.2,80,000 crore for agricultural credit flow by all the banks during 2008-09.

Commercial Banks and Regional Rural Banks have been successful in financing 50 lakhs new farmers, including those who have less than 2 hectares of land,during each of the last three years.

Banks have simplified the procedure for documentation for agricultural loans.

Loans upto Rs.50,000/- have been made collateral and margin free and the requirement of `No Dues Certificate` has been dispensed with.

Banks have been advised to provide all eligible farmers with Kisan Credit Cards.

Banks have been instructed to achieve financial outreach through provision of a General Credit Card to households, to open `No Frills` accounts with limited overdraft facilities, to extend financial outreach by utilizing services of Civil Society Organisation like Farmers Clubs, Non Governmental Organisations (NGOs), Post Offices as Business Facilitator/Business Correspondent Model, etc.